



STATE OF NEW JERSEY
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102
www.bpu.state.nj.us

TELECOMMUNICATIONS

IN THE MATTER OF THE JOINT PETITION)
OF QWEST COMMUNICATIONS, INC FOR)
APPROVAL TO TRANSFER CONTROL OF)
ONFIBER CARRIER SERVICES, INC TO)
QWEST COMMUNICATIONS)
CORPORATION)

ORDER OF APPROVAL

DOCKET NO. TM06060438

(SERVICE LIST ATTACHED)

BY THE BOARD:

On June 7, 2006, Qwest Communications Corporation (QCC), and OnFiber Communications Inc. (OnFiber Inc. and together with QCC, Petitioners), pursuant to N.J.S.A. 48:2-51.1, filed a petition with the Board of Public Utilities (Board) requesting the approval of a proposed transfer of control of OnFiber Carrier Services, Inc. (OnFiber Services), a wholly-owned subsidiary of OnFiber Inc. Upon consummation of the transfer, OnFiber Services will continue to offer services on the same terms, rates and conditions that it currently provides such services in the State.

BACKGROUND

QCC is a Delaware corporation, with its principal offices located in Denver, Colorado. QCC is an indirect, wholly-owned subsidiary of Qwest Communications International Inc. (QCII, and together with QCC, Qwest). QCII is a publicly traded corporation whose stock is traded on the New York Stock Exchange and is authorized to provide various telecommunications services in all 50 States. In New Jersey QCC was authorized to provide facilities based local exchange and interexchange telecommunications services in New Jersey on June 29, 2001. See I/M/O the Petition for an Order Authorizing Qwest Communications Corporation to Provide Local Exchange Telecommunications Services throughout New Jersey, Docket No. TE98121421.

OnFiber, Inc. is a privately held Delaware corporation whose principal office and place of business is located in Austin, Texas. Its principal investors include financial institutions and venture capital funds. OnFiber, Inc., directly or through its subsidiaries, provides point-to-point data services for single and multi-location enterprise customers and carriers. According to the petition, OnFiber, Inc. is authorized to provide telecommunications services in 26 states and the District of Columbia. OnFiber Services, a Delaware corporation, is a wholly owned subsidiary of OnFiber, Inc. In New Jersey OnFiber Services was authorized to provide services in New Jersey on December 19, 2000. See I/M/O the Petition for an Order Authorizing OnFiber Carrier Services, Inc. to Provide Local Exchange and Intrastate Toll Telecommunications Services, Docket No. TE00040257. In New Jersey, OnFiber Services provides services to 12 customers.

DISCUSSION

According to the petition, on May 12, 2006, QCC and OnFiber Inc., entered into an Agreement and Plan of Merger (Agreement) pursuant to which QCC will become the direct corporate parent of OnFiber Inc. and, as a result, the indirect corporate parent of OnFiber Services. Petitioners state that Qwest has agreed to acquire all of the capital stock of OnFiber Inc. in exchange for \$107 million, with Qwest having the option up until closing to substitute up to \$35 million of Qwest shares for cash. To effectuate the acquisition, QCII will create a new, wholly-owned subsidiary called Quality Telecom, Inc. (Quality Telecom), which will become a direct, wholly-owned subsidiary of QCC. Upon consummation of the Transaction, OnFiber Inc. will be merged with and into Quality Telecom, whereupon OnFiber Inc. will emerge as the surviving entity and the separate corporate existence of Quality Telecom shall cease. As a result, OnFiber Inc. will become a direct, wholly-owned subsidiary of QCC and an indirect, wholly-owned subsidiary of QCII. OnFiber Services will remain a wholly-owned subsidiary of OnFiber Inc.

Petitioners state that transfer of control will serve the public interest because it will serve as a catalyst to the expansion and enhancement of QCC's and OnFiber's capabilities in New Jersey and thus improve their ability to compete against larger entities. Petitioners also indicate that the transaction will be transparent to OnFiber's customers in that they will continue to offer the same services with no change in the rates or terms and conditions of service. Currently OnFiber Services has no employees located in New Jersey.

FINDINGS AND CONCLUSIONS

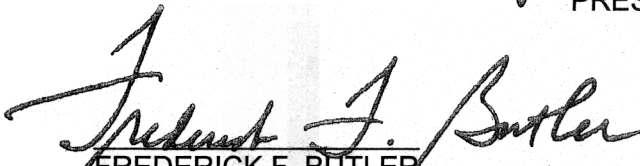
After a thorough review of the petition and all related documents, and in keeping with N.J.S.A. 48:2-51.1, the Board concludes that there will be no negative impact on service quality to New Jersey customers or the rates they pay. Nor will there be a negative impact on competition. Likewise, there will be no negative impact upon employees in the State. Moreover, a positive benefit may be expected from the strengthening of QCC's and OnFiber's competitive posture in the telecommunications market.

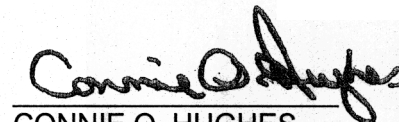
Accordingly, after careful review of this matter, the Board FINDS that the transaction will have no negative impact on competition, the rates of current customers, or on employees. The Board also FINDS that the transfer will have no negative impact on the provision of safe, adequate and proper service, and will positively benefit competition. Therefore, the Board, after investigation, having considered the record and exhibits submitted in this proceeding, FINDS that the transfer is in accordance with the law and in the public interest. The Board HEREBY ORDERS that Petitioners shall notify the Board of the closing of the proposed transaction within ten (10) days of consummation of the transfer.

DATED: 8/18/06

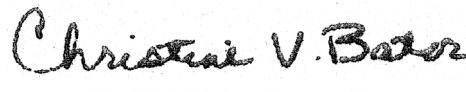
BOARD OF PUBLIC UTILITIES
BY:


JEANNE M. FOX
PRESIDENT

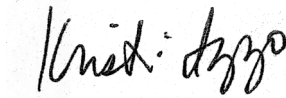

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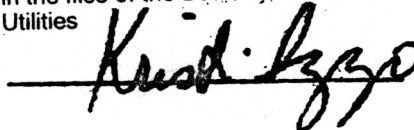

JOSEPH L. FIORDALISO
COMMISSIONER


CHRISTINE V. BATOR
COMMISSIONER

ATTEST:


KRISTI IZZO
SECRETARY

I HEREBY CERTIFY that the within
document is a true copy of the original
in the files of the Board of Public
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Docket No. TM06060438

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